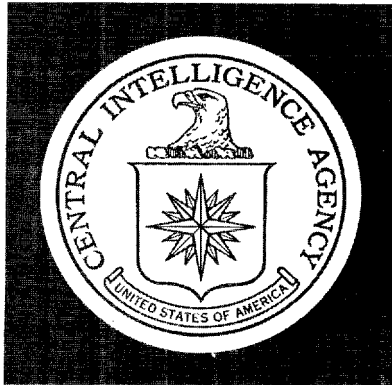


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Department review completed

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(Information as of noon EDT, 9 May 1968)

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Moderates in the Argentine military and in the liberal press are increasingly at odds with the conservative nationalist faction in the government. Pressure is growing on President Onganía to sack Interior Minister Borda, one of the conservatives' spokesmen.

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Discontent in the Chilean military has resulted in a reshuffling of the Chilean cabinet and the resignation of several high-ranking officers.

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The US mediator's proposals to resolve the long-standing Guatemalan-UK dispute and bring the colony to independence have prompted a critical reaction. The political opposition in the colony is using the issue to foment disorder in an attempt to undermine Premier Price's government.

PRESIDENTIAL SWEEPSTAKES IN PANAMA MAY PROVOKE VIOLENCE

27

The likelihood of honest elections on 12 May is remote as the Robles government prepares to throw the full weight of its machinery in support of official candidate Samudio. The National Guard is expected to play a major role in the electoral deception, which will heighten tension and increase chances for violence between the opposing camps.

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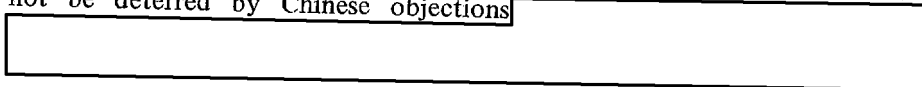
FAR EAST

The "fight-talk" strategy that Hanoi intends to pursue in the months ahead was illustrated by North Vietnam's move on 3 May which broke the impasse on a site for talks and by the country-wide Communist military offensive that was launched less than two days later. Artillery and rocket attacks on more than 125 cities and military installations and the ground assaults against Saigon clearly were intended to regain the military initiative on the eve of the Paris talks. There are indications that the Communists plan to intensify military pressure in order to enter the talks with the strongest possible bargaining position.

Hanoi's bid to begin talks in Paris on 10 May telescoped its earlier two-step scenario of preliminary "contacts" to determine a date for the cessation of US bombing followed by "formal talks" on substantive political issues. This shift probably was designed not only to hasten talks in order to gain maximum political advantage from the planned military offensive but also to increase pressure on the US for an early agreement to halt the bombing. There is no indication, however, that Hanoi will drop its insistence on a cessation of bombing and all other acts of war before moving on to substantive questions in the "formal talks."

The attack on Saigon appears to have delayed a major reorganization of the South Vietnamese cabinet, including the dismissal of Prime Minister Loc and several other ministers. President Thieu's apparent decision to appoint Tran Van Huong as the new prime minister without prior consultation with Vice President Ky and other senior generals will place further strains on the relations between Thieu and Ky and could produce a political crisis in Saigon.

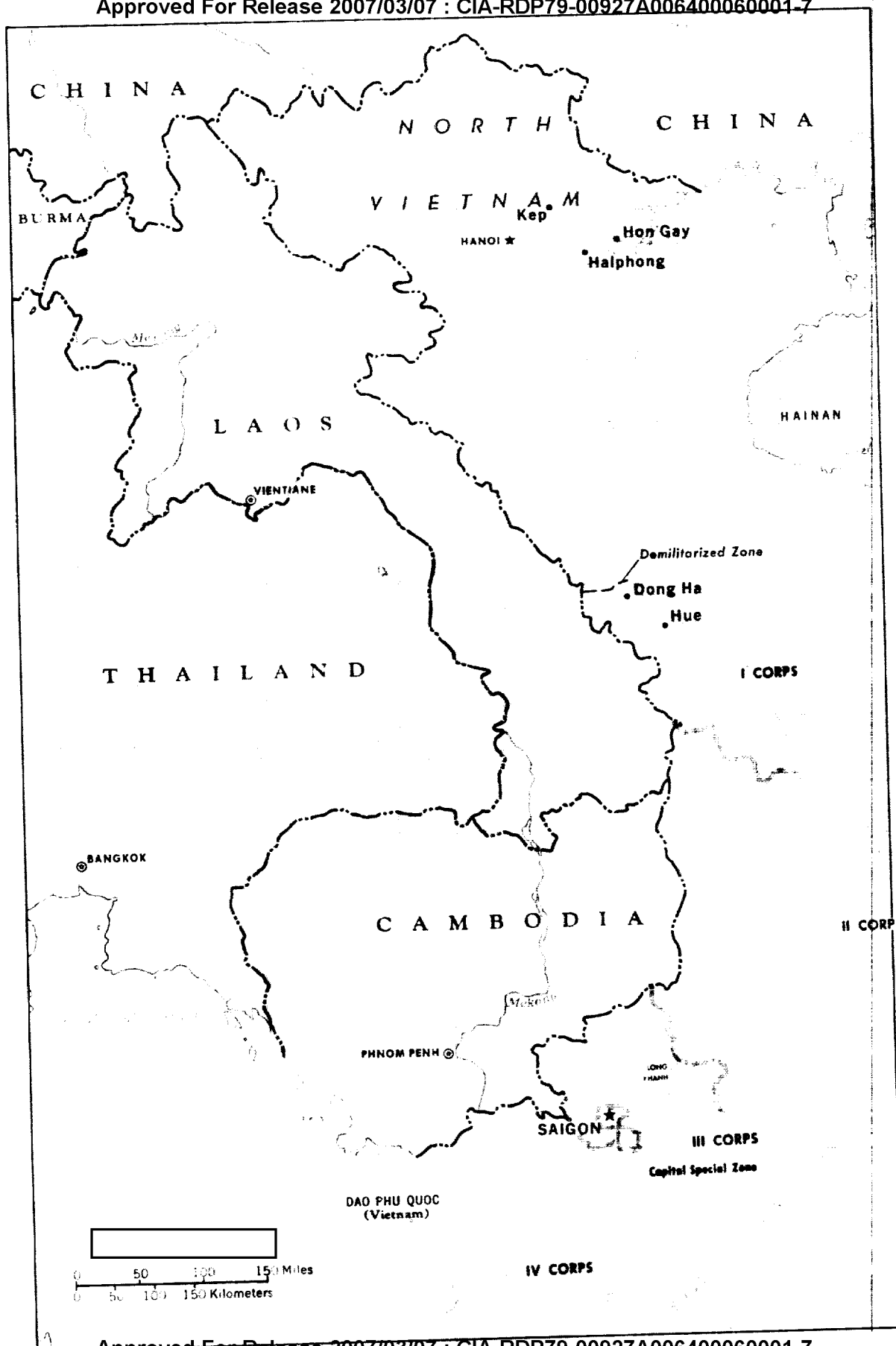
There are further signs of strong Chinese Communist displeasure over Hanoi's decision to open talks with the US. Peking apparently attempted to dissuade the North Vietnamese from this course. Chinese officials have privately expressed skepticism about Hanoi's chances of achieving success in the talks. Hanoi's moves last week, however, made it clear that it will not be deterred by Chinese objections



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VIETNAM

The Vietnamese Communists moved into high gear on both the political and military fronts during the past week. Hanoi's initiative of 3 May breaking the deadlock on a site for discussions with the US may have been intended to make certain that planned Communist military operations in South Vietnam are closely tied to the coming diplomatic dialogue.

The Communist offensive launched in South Vietnam this week fell well short of an all-out effort; many of the initial attacks probably were intended primarily to achieve a psychological impact just prior to the opening of US - North Vietnamese talks in Paris. Continued heavy fighting and Communist exhortations about a second "general offensive," however, indicate that Hanoi hopes to seize and maintain the military initiative.

Military Activity in the South

The new coordinated, country-wide attacks launched on 5 and 6 May were generally standoff artillery and rocket assaults. The Communists characterized them as part of a second "general offensive."

This offensive actually began in the northernmost provinces on 28 April, when the North Vietnamese 320th Division reportedly moved southward across the Demilitarized Zone toward Dong Ha, a key allied base. A full week of sporadic, bloody fighting in this northern sector has so far accounted for well over 700 enemy

dead, and allied casualties have also been heavy.

Sharp fighting also broke out near Hue on 28 April when a North Vietnamese battalion that had moved to within four miles of the city was encircled by US paratroopers. The enemy suffered heavy losses in several days of fighting. The Communists also were hit heavily at a number of other points when battalion-size units of the North Vietnamese 324B Division ventured into the northern coastal plains.

Early on 5 May, the Communists expanded their offensive throughout the country, striking with mortars and rockets at more than 100 military bases, cities, and towns. The majority of these attacks were confined to short barrages with only limited ground probes. Although less severe than the Tet offensive in February, enemy assaults during the past few days caused both enemy and allied casualties to mount.

In the Saigon area, strong enemy forces, including elements of two main force regiments of the Viet Cong 9th Division, have maintained heavy pressure against the western outskirts of the city. Scattered firing incidents and terrorist actions have continued within the city itself since 5 May. US officials believe, however, that the greatest part of the enemy's attacking force was intercepted on the approaches to the city. These units have taken heavy casualties but are giving ground only grudgingly.

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Brief but violent enemy ambushes also have taken a heavy toll of allied forces in the central highlands, in Long Khanh Province of III Corps, and in the delta.

The Communists have devoted far less attention than at Tet to penetrating urban areas and sparking a "general uprising." They do appear, however, to be active in the countryside. Fragmentary reports suggest that, as in the Tet offensive, allied forces have been forced to pull back somewhat from the rural areas to ensure defense of the towns.

Hanoi's Fight-Talk Tactic

The North Vietnamese approach the talks in Paris believing they are in a good position to exploit negotiations; they have been seeking such a "fight-talk" situation for some time. The Vietnamese Communists do not, however, expect to achieve at the conference table more than they can win on the battlefield. They anticipate a long period of hard fighting ahead and they view the talks primarily as opening another front in the struggle.

Hanoi's propaganda has emphasized that a complete cessation of the bombing is a prerequisite to progress in the talks. Other substantive issues have not been raised in Communist media, but the North Vietnamese have underscored their Four Points and the Liberation Front's political program as

the basic Communist positions for negotiating a settlement.

At the same time, the Communists continue to pump up their new political front organization, the Alliance of National Democratic Peace Forces. The Communists make clear that they view the Alliance as a nucleus for a new government to replace the Thieu-Ky regime.

South Vietnamese Political

A South Vietnamese cabinet reshuffle may take place as soon as the military situation permits.

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25X1 In the meantime, the Saigon government is preparing for the forthcoming US - North Vietnamese talks in Paris. Ambassador to the US Bui Diem has been appointed to head a South Vietnamese "liaison group" in Paris. Diem returned to Saigon in early April and has been working with a specially appointed Foreign Ministry committee to prepare government position papers for the talks.

North Vietnamese Port Improvements

North Vietnam is taking advantage of the US reduction in bombing to step up efforts to repair and expand its port facilities. The USSR is aiding in a wharf-extension project at Haiphong, which should provide at least one new berth and allow nine ships to dock at one time.

Silting problems at Haiphong are now being corrected. Silt has forced larger, more heavily laden ships either to wait for an optimum high tide before entering the harbor or to unload some cargo into lighters. A large suction dredge, supplied by the Soviets in the 1950s, has recently appeared for the first time since 1965, probably from sanctuary in China. The dredge will probably be used to deepen the main channel, allowing heavily laden ships to enter the harbor.

The bombing restrictions may also allow the Vietnamese to organize better cargo handling procedures now that work time is no longer being lost because of frequent air raids. The movement of goods already is easier on the partially restored rail and road systems cut off of the city.

Hanoi may also be planning to build a new port. A railroad is currently being built with Chinese aid between Kep and a bay near Hon Gai. Hanoi may plan eventually to put in docking facilities at this site.

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POLITICAL TENSIONS REMAIN HIGH IN COMMUNIST CHINA

No top leaders have been brought down since the ouster in late March of the acting chief of staff and the Peking garrison commander, but there is ample evidence of continued maneuvering and infighting within the leadership.

Recent posters and Red Guard pamphlets reveal that politburo figures in Peking on both ends of the political spectrum are on the defensive or actually under attack. Subordinates of Premier Chou En-lai such as economic planner Li Fu-chun, nuclear weapons boss Nieh Jung-chen, Petroleum Minister Yu Chiu-li, and Foreign Minister Chen Yi, all poster targets in previous militant phases of the Cultural Revolution, are again being criticized. Premier Chou has issued a statement criticizing "rightist" defenders of Chen Yi in a context suggesting that Chou was responding to renewed pressure on Chen, and presumably on himself as well, from the "left." On the other hand, Cultural Revolution Group head Chen Po-ta has confessed to "major" errors, according to a huge poster put up in Peking on 30 April.

Radical elements in the leadership appear to be unable to follow up the initiatives they seized in March. Campaigns launched in late March by Mao's wife against the "black backer" of the dismissed chief of staff and against "Rightists" of all stripes have had no visible results. After a flurry of poster accusations that the "black backer" was Yeh Chien-ying, a Mili-

tary Affairs Committee vice chairman associated last year with conservative policies, the charge seems to have been dropped, and Yeh showed up in his proper position among politburo members who attended May Day ceremonies. In the provinces, no important "rightists" have been dismissed, and some who were ousted earlier as "counter-revolutionaries" have been rehabilitated and named to important posts on newly created "revolutionary committees."

Instability persists in most provinces, however, stemming in part at least from the conflicts in Peking. Local radiobroadcasts have become more shrill and militant in discussing the "struggle" being waged against political enemies by provincial governments. Some broadcasts suggest that political purges and perhaps even something more violent may be contemplated.

A limited renewal of violence is being reported from areas that were serious trouble spots last winter but had calmed down in March. At least seven different towns in southeast China's Kwangtung Province have been the scene of violent clashes recently, and more than 6,000 troops are reported to have been sent to Chiangmen, a few miles south of Canton, to maintain order. Conditions in Nan-ning, the capital of Kwangsi Province on the Vietnam border, are again being reported as "chaotic."

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Armed factions are again involved in large-scale fighting in Amoy on the Taiwan Strait.

Delegations from most of these troubled areas have been in Peking since at least March conferring with senior leaders. Thus far, they seem to have made little progress toward working out solutions to local political conflicts. Maoist "revolutionary committees" continue to be formed with much fanfare in the provinces, but seem to be very weak structures. The latest, established

on 1 May in the northwest province of Shensi, is an example.

Shensi radio has broadcast no local news, only Peking-originated items, for more than a year. Most "local blackouts" of this kind have been ordered by Peking in areas where the leadership is split into factions, but Shensi is the first province that failed to resume local news broadcasts after forming a "revolutionary committee." This suggests that factional fighting, reported during April [redacted] on Peking wall posters, has continued since 1 May. [redacted]

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COMMUNISTS CONSOLIDATING CONTROL IN NORTH LAOS

The Communists are continuing to consolidate their control in north Laos.

In a follow-up to their capture of Nam Bac in January, enemy forces are seeking out and eliminating pockets of guerrilla resistance that have harassed their lines of communication for years. The guerrillas have had an increasing number of casualties and their position has become even more tenuous because of the loss of numerous government outposts and airstrips in the north this dry season. In order to deter the guerrillas from reoccupying their former redoubts, the Communists are attempting to hold on to as much territory as possible.

In the northeast, the Communists are maintaining their offensive against Na Khang, the only remaining major guerrilla base in the area. Outlying defense positions have changed hands over the past week and the base has come under some mortar fire. There are now more than 2,000 government troops defending Na Khang and, backed by increased tactical air support, they have thus far been able to keep a multi-battalion enemy force off balance.

It appears likely that if the Communists intend to launch an all-out ground assault against Na Khang, they will do so in the next two or three weeks before heavy rains wash out roads and trails in the area. In past

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years, the Communists have had difficulty holding their positions during the rainy season against government troops supplied by air.

Meanwhile in the south, enemy pressure against government

strongholds appears to have eased. There have been no significant engagements for well over two months and it is possible that some of the North Vietnamese units there may have withdrawn from the area. [REDACTED]

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INDONESIAN OPPOSITION SEEKS MORE VOICE IN GOVERNMENT

The Moslem political opposition has continued to exploit its success in convincing the Congress to order the Suharto administration to form a new cabinet by early July.

The opposition's hope is to gain representation in the cabinet more in line with its electoral support. Suharto has maintained that present circumstances demand a cabinet of high technical competence rather than one of political representation.

Discussions of the composition of the new cabinet are apparently under way in Djakarta.

Principal opposition comes from two Moslem parties: the traditionalist Nahdatul Ulama and the newly formed, modernist Indonesian Moslem Party. Allied with them from time to time are the student action fronts, which regard themselves as the gadfly of the administration and the protector of the public interest.

The Moslem parties represent a substantial element of the electorate, at least 40 percent, and for this reason alone the army-led government is con-

cerned about their opposition. In addition, Shuarto sees a sinister conspiracy in their activity because the Soviet and several Arab embassies appear to be funding--and are certainly wooing--certain Moslem politicians.

For some weeks, opposition groups have concentrated their criticism on the government's priority anti-inflation policy, an area in which Suharto is particularly vulnerable. Although the rate of inflation has moderated over the past year and a half, the price level is still rising and painful measures remain necessary if the Indonesian rupiah is to be stabilized.

In order to reduce government subsidies, the Suharto administration recently increased rates sharply on petroleum and public utilities. In addition, the price of rice, which is always politically sensitive, had been going down following the April harvest, but has risen in the past week. Another political embarrassment for the government is its failure thus far to negotiate a requested \$325 million in economic aid from Western nations this year. [REDACTED]

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EUROPE

Political tensions in Europe sharpened markedly this week as the USSR and its remaining close allies met in Moscow to consider what pressures they could agree upon to apply against Czechoslovakia. The Russians and some of the Eastern Europeans had been showing signs of growing impatience with the Czechoslovaks, who fear some drastic Soviet action.

The party bosses of East Germany, Poland, Hungary, and Bulgaria flew into Moscow on 8 May for a one-day conference, following the apparently inconclusive talks earlier in the week between Czechoslovak leader Dubcek and the Soviets.

The Soviet leaders' concern that developments in Eastern Europe could affect their own position at home was put on public view this week in more press articles and speeches justifying the leading role of the party and echoing Brezhnev's call for "iron party discipline." As in past times of tension, there were hints of differences of opinion within the collective leadership. Pressure from those who favor stronger measures against Prague may account in part for the flurry of Soviet activity.

Before the meeting in Moscow, the Poles had formally protested alleged distortions in the Czechoslovak press concerning developments in Poland and articles critical of the Czechoslovaks have begun to appear in the Polish press. The Polish party daily on 9 May in an extremely bitter article called upon the Czechoslovak party to crush the antisocialist elements in its midst.

Prague for its part let it be known that it will not support East German efforts to hinder the access of some West Germans to West Berlin. The East Germans, although angered by the Czechoslovak position, apparently believe they have won a significant round in their campaign to reduce Bonn's ties with West Berlin.

The Hungarian regime remains sympathetic to developments in Czechoslovakia. On the day following the Moscow meeting, one Budapest daily observed that "there is not a single point in the Czechoslovak Communist Party's action program that any other Communist country could not underwrite."

In Paris, large-scale student demonstrations have led the authorities to institute massive security precautions to ensure that the US-Vietnamese negotiations are not disrupted. The students are mainly concerned with educational reforms, but under the leadership of the New Left, are protesting against the established order.

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MOSCOW BUILDING UP PRESSURES ON CZECHOSLOVAKIA

The USSR's growing impatience with the liberal trend in Czechoslovakia was dramatically emphasized this week when Moscow convened a meeting of its closest allies, probably to consider means of applying pressure on Prague.

The meeting in the Soviet capital of party leaders from East Germany, Poland, Bulgaria, and Hungary underscored their dismay over the Dubcek regime's unorthodox trend in Czechoslovakia. The meeting itself was a form of psychological pressure and implies that the leaders in attendance may be prepared to act in concert, perhaps through economic measures, to bring Prague into line.

Soviet leaders had earlier-- and for the first time, publicly--

admitted their concern over developments in Czechoslovakia. Moreover, they directly criticized Czechoslovak press accounts that the USSR was responsible for the death of Czechoslovak Foreign Minister Masaryk in 1948. The Soviet criticism came only two days after party leader Dubcek returned from inconclusive bargaining sessions in Moscow and while Foreign Minister Hajek was consulting with Soviet leaders.

Dubcek frankly stated in an interview on 6 May, that the Soviet leaders had "expressed anxiety" lest the "democratization process" in Czechoslovakia go too far. Although he reported that the Soviets received "with understanding" the Czechoslovaks' explanation of internal developments, the

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subsequent Soviet actions indicate that Moscow doubtless did not find Prague's assessment sufficiently reassuring.

Pravda for the first time informed its readers of the Soviet leadership's concern by quoting Dubcek on 8 May. In an official statement on 7 May, TASS had commented in critical fashion on Czechoslovak and Western newspaper speculations that Soviet advisers were directly implicated in the death of Jan Masaryk.

The week's events clearly suggest that Moscow has doubts that Dubcek can control events in Czechoslovakia. Dubcek's succumbing to liberal pressures to convene an extraordinary party congress, at which conservatives can be ousted, was probably one immediate cause of Soviet doubt.

Dubcek's statement upon his return from Moscow also indicated that a Czechoslovak request for economic aid was not immediately answered by the USSR. His remarks indicated that Moscow may have linked Soviet economic assistance to a political concession by Prague. The subsequent chain of events suggests that Dubcek may

have rejected this Soviet ploy in such a fashion as to further irritate Moscow.

If Soviet and East European economic measures are used against the Czechoslovaks, Prague's probes for credits from the West probably will be accelerated. Assistance would probably be sought first from international organizations, a consortium of Western leaders, or private Western business firms in order to avoid the political implications involved in accepting aid from individual Western countries.

So far, the Czechoslovaks have stuck to their positions in the face of outside concern. Even before the Moscow meeting, however, there was growing fear among the leaders in Prague that the Soviets might exercise pressure in a more forceful fashion.

The Czechoslovak reaction to the attempts at intimidation by the USSR and its dwindling array of allies is likely to be stiff. Nevertheless, conservative elements will be emboldened to step up their attacks against Dubcek, thus complicating his effort to hold out against the USSR's growing pressures.

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EAST GERMAN RESTRICTIONS ON BERLIN ACCESS STILL IN EFFECT

Nearly a month has passed since the East Germans announced their ban on Bonn officials traveling between Berlin and the Federal Republic, and almost two months since the ban on travel by members of the West German National Democratic Party was instituted. While only about a dozen persons so far have been prevented from transiting East Germany via the autobahn, the East Germans probably believe they have established significant precedents, and may feel encouraged to take further steps in their efforts to establish the city as a third and separate German political entity.

If any West German and Allied countermeasures eventually appear threatening to East Germany, the regime could without losing face simply rescind its ban on Bonn officials, which was carefully decreed only "until further notice." Similarly, the East Germans could slack off enforcement of the ban until some new issue presents itself, such as the Bundestag Berlin Week session scheduled for this fall.

The obvious Soviet backing enjoyed by the East Germans may

encourage them to restrict other Federal officials, such as judges working in Berlin or Bundestag deputies representing the city in Bonn. Functionaries at the Soviet Embassy in East Berlin told West German journalists recently that additional travel restrictions could be expected. It is doubtful, however, that the Soviets would permit the East Germans to interfere with Allied access.

Despite the travel bans, West and East Germany continue to cooperate on issues of mutual interest. A cabinet-level decision in Bonn permitted the East German minister for foreign economic affairs to visit the Hannover Fair on 29 April, and a high-level East German party delegation attended ceremonies in Trier, the birthplace of Karl Marx, on 4 May. Both sides also have tentatively agreed to an arrangement for extra trains to provide transportation for two special events this month: one train will carry West Berlin demonstrators to Bonn on 11 May, the other will bring spectators to an international gymnastics festival in West Berlin on 28 May.

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ITALIAN ELECTIONS TO TEST GOVERNMENT COALITION

Italy's parliamentary elections on 19-20 May will be the first clear test of voter reaction to the center-left formula for government. Most observers expect the formula to continue after the elections although the role of the Socialists is not certain and clarification of their position may be delayed until the party's congress next fall.

The present coalition was formed in 1963 when the left-wing Socialists of Pietro Nenni joined the Christian Democrats, Social Democrats, and Republicans in the government. The government has made progress on its ambitious legislative program, but the greater part remains undone and the record is a disappointment to many who hoped for more dynamic leadership. Italy's extraordinary postwar economic growth is continuing, however, and the disparity between the country's north and south, which increased steadily in the 1950s, has decreased somewhat in this decade.

Premier Aldo Moro's Christian Democrats are expected to win some 40 percent of the vote and to remain Italy's largest party. The Unified Socialists may not get the 20 percent polled in the last parliamentary elections by their antecedent parties, the Nenni Socialists and the Social Democrats. The Proletarian So-

cialist Party, formed in January 1964 by the left-wing Socialists who refused to support the party's entry into the governing coalition, will take some of the vote that went to the Socialist parties in 1963. The Proletarian Socialists cooperate with the Communists.

If the Unified Socialists were to get 15 percent or less of the total vote, there would be great pressure within the party to withdraw from the coalition. This in turn would result in prolonged negotiations within and between parties, and would immobilize the government.

Communists, who have lost one fourth of their members since the late 1940s, have nevertheless shown a rise in voting strength in each postwar national election. They have done less well in recent local elections, however, and the prospect of peace negotiations on Vietnam has undercut one of their main issues.

All the major parties are nervous over the possibility of a low turnout of voters or a rise in blank ballots. This development would indicate alienation from the political system, particularly among the new voters who will number almost two million.

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RESULTS OF ITALIAN PARLIAMENTARY ELECTIONS

CHAMBER OF DEPUTIES	1948			1953			1958			1963		
	Votes	%	Seats	Votes	%	Seats	Votes	%	Seats	Votes	%	Seats
CHRISTIAN DEMOCRATS	12,741,299	48.5	305	10,863,032	40.1	263	12,520,556	42.3	273	11,763,418	38.3	260
COMMUNISTS	8,137,047*	31.0	131	6,121,551	22.6	143	6,704,763	22.7	140	7,763,854	25.3	166
SOCIALISTS			52	3,441,388	12.7	75	4,206,777	14.2	84	4,251,966	13.8	87
LIBERALS	1,004,889	3.8	19	817,404	3.0	13	1,047,073	3.5	17	2,142,053	7.0	39
SOCIAL DEMOCRATS	1,858,346	7.1	33	1,223,209	4.5	19	1,345,334	4.6	22	1,874,379	6.1	33
NEO-FASCISTS	526,670	2.0	6	1,582,727	5.8	29	1,407,550	4.7	24	1,569,202	5.1	27
MONARCHISTS	729,174	2.8	14	1,855,807	6.9	40	1,436,654	4.8	25	536,652	1.7	8
REPUBLICANS	652,477	2.5	9	438,027	1.6	5	405,767	1.4	6	420,746	1.4	6
SOUTH TIROLEANS (SVP)	124,385	0.5	3	122,792	0.5	3	133,495	0.5	3	135,444	0.4	3
OTHERS	494,625	1.8	2	232,235	2.3	-	379,502	1.3	2	272,555	0.9	1
TOTAL	26,268,912	100.0	574	26,698,172	100.0	590	29,587,471	100.0	596	30,730,269	100.0	630

SENATE

CHRISTIAN DEMOCRATS	-----	-----	10,782,262	41.2	122	10,208,524	37.2	133
COMMUNISTS	-----	-----	5,701,019	21.8	60	6,993,604	25.5	85
SOCIALISTS	-----	-----	3,683,806	14.1	35	3,856,088	14.0	44
LIBERALS	-----	-----	1,024,309	3.9	4	2,059,452	7.5	19
SOCIAL DEMOCRATS	-----	-----	1,135,151	4.4	5	1,739,880	6.3	14
NEO-FASCISTS	-----	-----	1,119,873	4.3	8	1,694,832	6.2	15
MONARCHISTS	-----	-----	1,350,201	5.2	7	428,167	1.6	2
REPUBLICANS	-----	-----	369,192	1.4	-	223,421	0.8	-
SOUTH TIROLEANS	-----	-----	120,250	0.5	2	253,028	0.9	2
OTHERS	-----	-----	760,186	3.2	3			1
TOTAL			26,046,249	100.0	246	27,456,996	100.0	315

* The Communists and Socialists ran joint lists in the 1948 national elections.

NOTE: Parliament in 1962 passed a constitutional amendment to increase the number of directly elected Senators to 315 and the number of Deputies to 630.

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RUMANIAN REGIME TO PLAY HOST TO PRESIDENT DE GAULLE

The Rumanians probably hope to advance their independent role in East-West affairs another notch with the five-day visit of President de Gaulle that starts on 14 May. Two years ago, at the time of the state visit of French Foreign Minister Couve de Murville, the Bucharest leadership was able to bring about some lessening of the Warsaw Pact's influence on Rumanian affairs.

De Gaulle's visit, coincidentally, begins on the 13th anniversary of the signing of the Warsaw Pact, of which Bucharest is now only a semiactive member. De Gaulle and Rumania's party and state chief, Ceausescu, both dislike the idea of military blocs and give first priority to advancing their own national interests despite those of their allies.

East-West detente probably will be the central theme of the talks. Both leaders believe there is a pressing need to normalize East-West relations and both support West Germany's drive for expanded ties with Eastern Europe. The treatment accorded these and other issues during the visit will probably lead to somewhat closer Franco-Rumanian ties. The Rumanians, depicted by some as more Gaullist than the French, welcome the prestige attendant to De Gaulle's visit, but apparently fear that he may advance policy positions they consider inimical to their rela-

tions with third countries, especially the USSR.

Bucharest's anxiety about the possible content of De Gaulle's speeches probably was heightened by a recent announcement of the French press agency that De Gaulle will "deliver five main speeches to be rounded out with a series of addresses." In an effort to select "safe" locales for these speeches, the Rumanians have arranged an itinerary that will keep him away from Transylvania, which has a large Hungarian minority, as well as away from Rumania's eastern border with its terra irredenta of Bessarabia, now a part of the Soviet Republic of Moldavia.

The De Gaulle visit will take place against a background of cordial but uneffusive Franco-Rumanian relations. Long recognized as Bucharest's patron, especially during the interwar years, France under De Gaulle has stressed detente with Moscow as the major point of its policy toward the Communist world. Bucharest recognizes that as this detente progresses, Paris will choose Moscow over the Rumanians, should such a choice become necessary. Premier Maurer took note of this last summer when he said that France looks upon Rumania as a mistress with whom a permanent commitment seems unlikely.

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MIDDLE EAST - AFRICA

Terrorist incidents in Israel and Israeli-occupied territory have escalated again. The Israelis claim to have suffered four shelling attacks on 7 and 8 May from terrorists in Lebanon and Jordan, and three Israeli soldiers were killed by mines in northwest Sinai. These incidents may provoke another Israeli counterattack, probably against Jordan.

Moderate forces in the Sudan lost heavily in the general elections that were completed this week. Former prime minister Sadiq al-Mahdi lost his seat in the Constituent Assembly, and the left-leaning coalition that dominated the last government won an easy victory.

Tunisia seized on a statement attacking Bourguiba in Syrian President Yusuf Zuayyin's May Day speech as an excuse for breaking off relations with Syria on 7 May. Relations between the radical Syrian regime and the moderate Tunisians have been strained for several years, and apparently grew worse recently over alleged Baathist involvement in student disturbances at the University of Tunis in March.

Kenyan officials have returned to the problem of presidential succession following the recent serious illness of President Jomo Kenyatta. He appears to have suffered a mild stroke on 4 May [REDACTED]

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Kenyatta's fellow Kikuyu ministers may be making plans to ensure the vice president's succession should the President take a turn for the worse.

Liberia's President Tubman has begun to crack down on elements he believes are working to undermine his regime. [REDACTED]

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[REDACTED] Two American university instructors have already been given notice to leave the country.

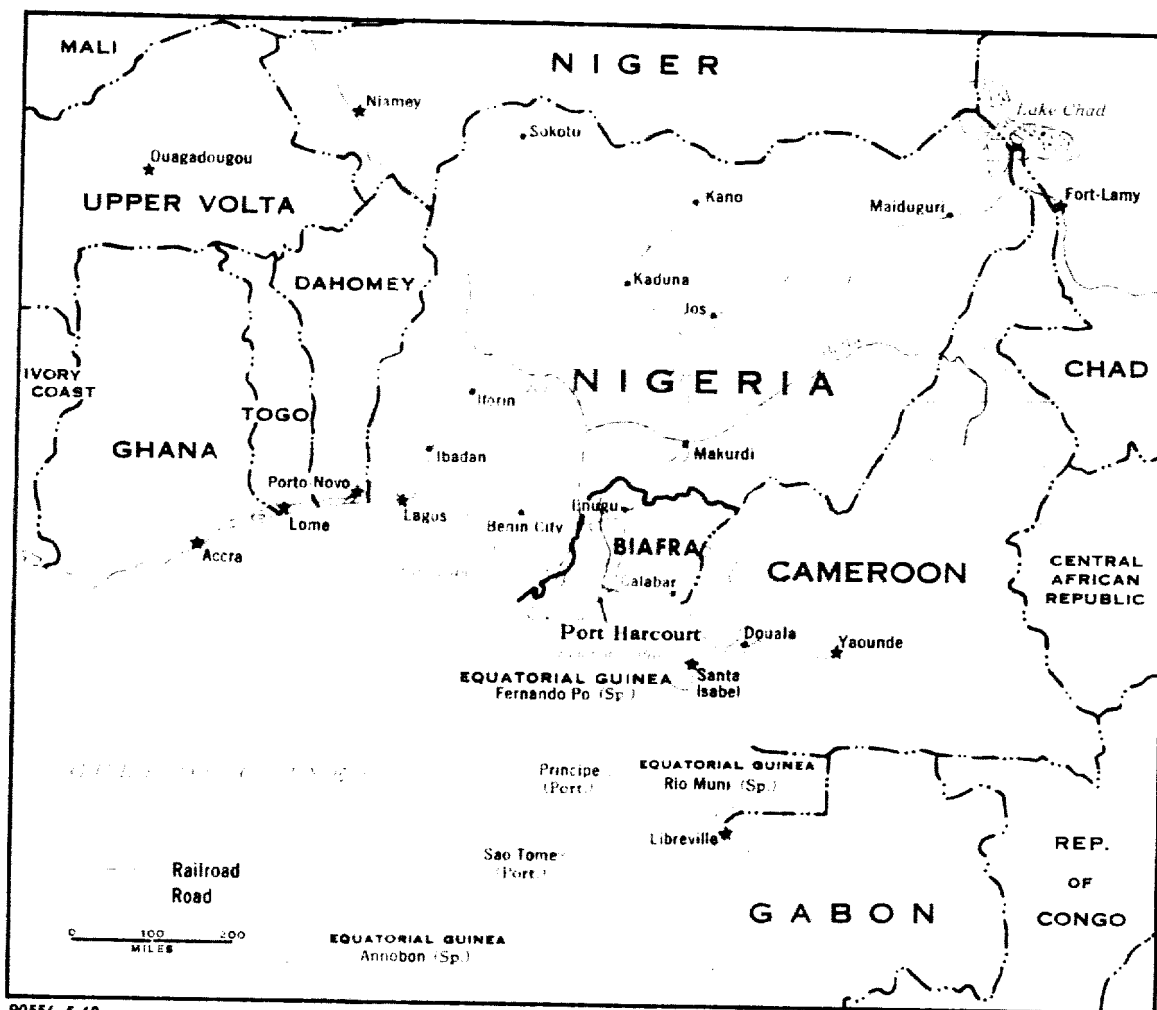
Attention in India is turning to next week's mid-term election in politically chaotic Haryana—the first state-wide polling since the general elections in February 1967. The Congress Party is making a big effort to regain its old winning form, but the prospects are not very bright for a major morale-boosting victory that would carry over to the more important elections in Uttar Pradesh and West Bengal. [REDACTED]

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TALKS BEGIN BETWEEN NIGERIAN COMBATANTS

Preliminary talks began in London this week between the two combatants in the Nigerian civil war. Progress toward an early cease-fire is likely to be slow, however, with Biafra's political position bolstered by a second recognition and the federal government apparently determined first to take Port Harcourt.

A representative of each side met on 6 and 7 May with Arnold Smith, head of the Commonwealth Secretariat. After long and heated discussions, they have reportedly agreed provisionally on Kampala, Uganda, as a site for substantive talks. The two sides are still quibbling, however, over the auspices under which the talks would be conducted.

Gabon's recognition of Biafra on 8 May--three-and-a-half weeks after Tanzania's action--followed talks President Bongo had recently in Paris with De Gaulle and the presidents of Ivory Coast and Senegal. It now seems clear that France is quietly prodding French-speaking African states to pressure Lagos into a cease-fire and peace negotiations. Further recognitions

now are a strong possibility--Ivory Coast appears to be moving toward an early announcement--especially if little progress is made toward a cease-fire or if peace talks are delayed much longer.

Gabon's action will give Biafra's hard-pressed military forces another morale boost. The federal military offensive aimed at Port Harcourt is reported to have reached the vicinity of the Imo River bridges, some 15 miles northeast of the city. The federal troops are encountering stiffer resistance from Biafran reinforcements rushed in from the north. Elsewhere on the war front, little action has been noted.

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CONGO'S DOMESTIC PROBLEMS IGNORED BY TRAVELING PRESIDENT

President Mobutu has spent much of his time in the last two months engrossed in regional and inter-African affairs, while the Congo's own more mundane but pressing economic and administrative problems have been allowed to drift.

Mobutu spent almost half of April visiting Chad and Ghana, and in entertaining his partners in the new economic union of Chad, the Central African Republic, and the Congo. He plans to spend at least half of May and June outside the country.

Meanwhile, a current government budgetary deficit, if left uncorrected, could threaten the fiscal and monetary reforms that the government initiated in June 1967. Since December, expenditures are reported to have exceeded receipts by an average of \$5 million per month, turning a modest government surplus achieved during the first months of reform into a small but growing deficit by the end of March. The governor of the National Bank and an International Monetary Fund adviser recommended to Mobutu just over a month ago that he place a monthly ceiling on expenses, cut government personnel by 15 percent, and postpone

a government pay raise. The National Bank has also been urging Mobutu to clean house at the Finance Ministry.

Thus far, Mobutu has paid little attention to the present fiscal crisis. The pay raise, for instance, has already been implemented. Even if Mobutu does take some action soon, as he told the US ambassador this week that he would, it is doubtful that the measures will be as thoroughgoing as some of his advisers would like. It may be particularly difficult to get Mobutu to agree in practice to a check on his own expenditures, which have risen steadily the last few months, partly as a result of his increased travel to other African states.

The situation seems likely to continue, with at most only a few stopgap measures being taken to cut the present budgetary deficit. As long as everything else remains relatively calm in the Congo, Mobutu may continue to be distracted by the more exciting area of inter-African affairs and neglect the many hard, long-term problems of the economy and the administrative structure.

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EGYPT'S NASIR ATTEMPTING TO APPEASE POLITICAL OPPONENTS

Nasir is continuing his efforts to damp down political unrest in Egypt following the vote of confidence he received in the referendum on his proposed political reforms. The referendum on 2 May concerned only changes affecting the Arab Socialist Union (ASU), the government-controlled political organization. The regime, however, also is instituting broad administrative changes and plans "comprehensive financial and economic reforms," according to Al-Ahram, the semi-official newspaper.

Al-Ahram reported on 4 May that Nasir had accepted the resignations of the ASU Higher Executive Committee, including those of such old associates as Ali Sabri and Anwar Sadat. Some of these colleagues may well remain in the ASU hierarchy, however. The report said the resignations would not affect the official posts held by "some members" of the committee.

The regime is now turning its attention to the as-yet-unscheduled ASU elections. By way of dramatizing his interest, Nasir has opened an office in the ASU building and reportedly will work there for the time being. He was said to be studying the formation of a special committee to supervise the elections, and its membership was to be announced this week.

The administrative changes affect senior posts throughout the country. Governors in several provinces have been replaced or transferred, and a study on replacing mayors is nearing com-

pletion. Al-Ahram said the proposed financial and economic reforms will affect public sector organizations and are aimed mainly at giving wider freedom to production units.

In an effort to cope with one of the underlying causes for student discontent--the poor prospects for meaningful employment after graduation--the government is making a big play in the press, as it does each year, about hiring all of last year's graduates of universities and higher institutes.

Nasir's concern about the internal security of his regime clearly dominates his thinking and actions regarding Israel. He apparently does not believe he can move toward a "solution" of Egyptian-Israeli problems until both his political and military positions have been strengthened to the point where he can either bargain from that strength or resume the fight. The political reforms may buy him some time, but they will not appease his domestic opponents.

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WESTERN HEMISPHERE

With May Day demonstrations out of the way, political activity in Latin America this week again centered on coming elections.

Panama's two presidential candidates, David Samudio and Arnulfo Arias, spent this last week before the election on 12 May frantically campaigning throughout the country. Arias believes that his only chance is to amass such a large majority of votes that it would not be feasible for the government to rig the returns.

The turnout for the municipal elections in the Dominican Republic on 16 May will probably be small. The low-keyed campaign has stirred little public interest despite government efforts to get out the votes. The left-of-center Dominican Revolutionary Party is discouraging its partisans from voting. President Balaguer's Reformist Party is being challenged in approximately two thirds of the municipalities by a mixture of Social Christian and independent slates.

The tempo of activity is picking up in Ecuador, where elections are scheduled for 2 June. Four-time ex-president Velasco seems to have the lead in the race for the presidency, but the center-left candidate, Andres Cordova, has picked up considerable strength at Velasco's expense. Anti-US ex-president Carlos Julio Arosemena is almost certain to be elected a senator, and thus regain a significant role in Ecuadorean politics.

Although Prime Minister Burnham of Guyana has not yet set a date for the elections that must be held before the end of next March, pro-Communist Cheddi Jagan is already convinced that Burnham is planning election fraud. Bermuda has quieted down since the riots earlier this month. The nightly curfew has been lifted, but the British troops will remain through the general elections on 22 May. Disorders could flare up again if voting results go against the predominantly Negro Progressive People's Party. Brazil and Ecuador continue to have problems with rabunctious students, but the governments have made no move to assuage the students' distress over the very real shortcomings of the educational system. Uruguayan President Pacheco's appointments to his new cabinet will not resolve the party factionalism that has obstructed his economic program. Pacheco intends to press on with his stabilization program, but he is running essentially a minority government and may find cooperation difficult to secure. [REDACTED]

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ARGENTINE MODERATES INCREASE OPPOSITION TO CONSERVATIVES

Moderates in the Argentine military, supported by the liberal press, are increasingly at odds with the conservative, nationalist faction in government personified by Interior Minister Guillermo Borda, a trusted adviser to President Ongania.

Borda and other conservative spokesmen have long talked about the formation of some type of quasi-fascist corporate state in Argentina instead of a return to traditional constitutional democracy. This has angered the moderates in the military, led by army commander in chief General Julio Alsogaray and his brother Alvaro, ambassador to the US, and has brought repeated criticism from the most respected Argentine daily newspapers.

It now appears that the Alsogarays, who are politically ambitious in their own right and who fear that Ongania could perpetuate himself in power for many years as a fascist-style dictator, are trying to line up support among key military commanders and influential politicians in the event Ongania throws his weight fully behind the conservatives.

Although he is said to have personal predilections for the



GUILLERMO BORDA
MINISTER OF INTERIOR

conservative philosophy of the Borda faction, Ongania has not yet committed himself to either side. He has, however, supported the economic reforms of Economy Minister Krieger Vasena, who has had the backing of the Alsogaray-led group.

Ongania has been able to play off one faction against the other in the cabinet while promoting the reforms demanded by the military when the previous government was ousted. He will probably maintain his centrist position but may give in to demands that Borda be sacked.

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CHILEAN MILITARY UPSET OVER LOW PAY

Discontent in the Chilean military, caused primarily by low pay, has resulted in a reshuffling of the Chilean cabinet and the resignation of several high-ranking officers.

The Chilean armed forces are very poorly paid, and many members believe that the 1968 wage re-adjustment bill now before Congress fails even to compensate for the rising cost of living. The government expects to present a supplemental military pay bill to be enacted within 90 days after the general wage bill passes. Any such supplemental bill probably would include pay increases for the police, who are also discontented with their economic situation.

The present problems were triggered by news of government offers of salary increases to postal and telegraph workers, who had been striking illegally for almost six weeks. More than one hundred army officers submitted their resignations, and some air force officers reportedly followed suit. Fear arose that the government might not be able to count on the military to back up police action against labor agitation.

At this point, a retired general was made minister of defense and a cousin of the president of the Christian Democratic Party was named commander in chief of the army. Several senior generals resigned in protest over a disregard of seniority.

The other officers reportedly now are willing to wait and see what sort of increase a supplemental pay bill would include. In any event, they might have trouble finding jobs in civilian life.

Another major complaint by the armed forces has been the weak stand the government has taken toward labor strikes. This complaint may have been rebutted to some extent, however, by the eventual settlement of the postal and telegraph workers strike on relatively hard terms.

At present, there is no indication of any serious intention on the part of the military to attempt to impose political decisions on the government. This attitude could change, however, if the economic needs of the armed forces continue to be ignored. Argentine and Peruvian military officials reportedly have tried to encourage the Chilean military to take a strong stand against the possible election in 1970 of a Communist-supported president.

Any supplemental pay bill for the military probably would be readily approved by Congress. The Communist Party in particular fears that it would be the principal victim of any military-supported crackdown on the left. It is trying to restrain action by Socialist and Radical labor leaders so as to avoid giving the government any pretext for such action.

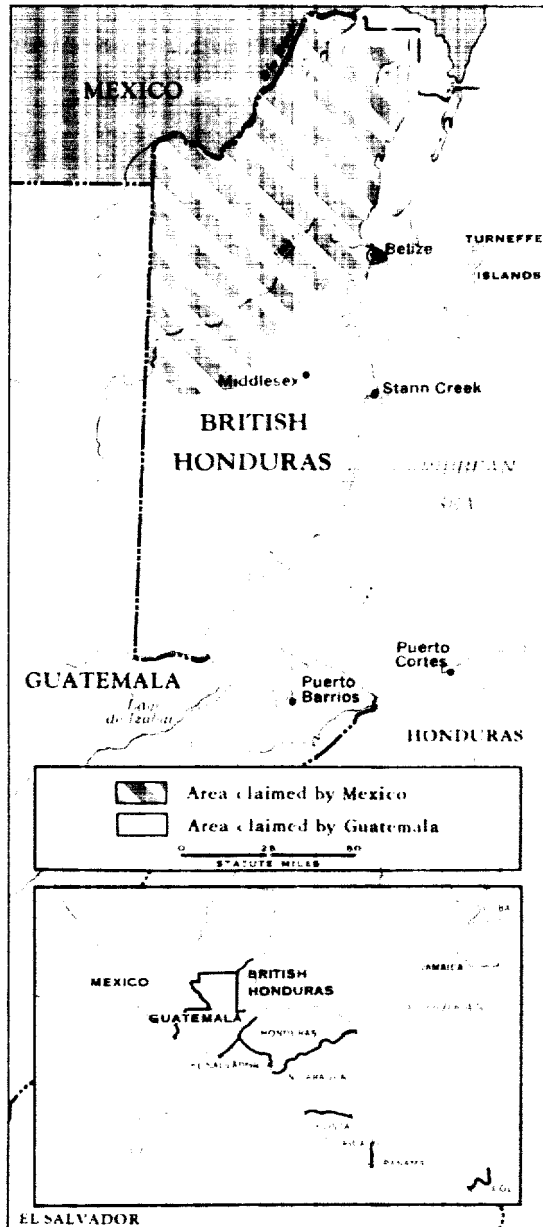
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BRITISH HONDURAN TREATY PROPOSALS FACE REJECTION

British Honduras: Territorial Claims



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The US mediator's proposals to resolve conflicting British and Guatemalan claims to British Honduras have prompted critical reaction in Guatemala and a violent rejection by most of the 115,000 inhabitants of the colony.

The proposals, worked out since 1965 at the request of the two claimants, would convert the colony into the independent state of Belize and would commit it to cooperate with Guatemala on defense, foreign affairs, and economics.

Both the ruling and opposition political parties in Belize, as well as a host of local organizations, have rejected the proposals as incompatible with the sovereignty of an independent nation. Demonstrations led to disorder--including the stoning of the Guatemalan Consulate. Riot squads used tear gas to disperse demonstrators, the volunteer guard was activated, and the 200-man British garrison was placed on alert. The opposition National Independence Party is making a determined attempt to use the widespread hostile reaction to topple Premier Price's government and rumors are circulating that his own party may request his resignation.

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The official Guatemalan reaction has been coolly negative, but major newspapers--including one carrying a critical editorial by the maverick vice president--are calling for outright rejection of what they see as unfavorable conditions. London, eager to be rid of this political and economic liability, has indicated that it will be guided by sentiment in the colony.

Mexico, although not involved in the present dispute, also has a long-standing claim to part of the territory. It apparently had decided, however,

not to press its claim unless some part of the area was awarded to Guatemala.

British Honduran Premier Price has said that the mediation is over as far as his country is concerned and is making ready to initiate independence proceedings, with or without approval of the mediator's proposals. The prospect would be for an independent state, but one in need of continuous external support. International complications would probably ensue as all sides could be expected to cite the US role and press Washington for alleviation of future grievances.

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PRESIDENTIAL SWEEPSTAKES IN PANAMA MAY PROVOKE VIOLENCE

Panama's power struggle between the major political groupings that encompass most of the nation's vested interests will enter its final stages with the national elections on 12 May. Because the likelihood of an honest election is remote, the potential for postelectoral violence is greatly increased.

The Robles government is using the full weight of its machinery to support official candidate David Samudio and shows every intention of guaranteeing his vic-

tory regardless of the actual balloting. In addition, the National Guard apparently will play a major role in assisting efforts to defeat National Union (NU) candidate Arnulfo Arias.

Although some reports have suggested that guard commandant Vallarino was prepared to withdraw his support from Samudio in favor of a neutral stance, it now appears that this line was deliberately leaked in order to shroud the guard's plans to aid in rigging the elections. Most

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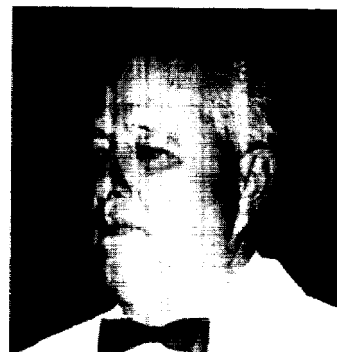
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David Samudio



Arnulfo Arias



Brig. Gen. Bolivar Vallarino

key officers are already committed to Samudio

The guard's partisan measures to intimidate the opposition at the polls will only serve to heighten tension and promote chances for confrontations between the opposing camps.

It remains to be seen whether the Robles government can manipulate the election results in such a way that there will be reasonable doubt as to the extent of the deception. Arias and other NU leaders have no illusions about whose side the guard will take and they believe their only chance lies in amassing such a large majority of votes that it will be impossible for the government to

"arrange" the elections in any plausible manner.

The US Embassy estimates that 350,000 Panamanians will vote this Sunday, compared with 317,000 in 1964. The newly registered voters, many of them young persons alienated from the government, could be expected to vote for Arias. It appears that the fraud will have to be on a large scale to deprive Arias of the presidency this time, and the NU leader may not accept it as peacefully as he did in 1964. Although his followers apparently lack the organization and arms to overthrow Robles, they might be able to create enough chaos to require the guard to assume control of the government.

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